



The President's Daily Brief

22 December 1972

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

On *Page 1*, we report on Brezhnev's speech yesterday, covering those portions on the Vietnam war, relations with the US and China, as well as European matters.

Analysis of Soviet military spending figures presented last Monday shows that next year the USSR will spend about 22 billion rubles on defense--the equivalent of nearly \$70 billion valued at 1970 US costs. (*Page 3*)

The electoral front put together in Argentina by Peron is in danger of falling apart. (*Page 4*)

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USSR

In his speech honoring the USSR's 50th anniversary yesterday, Brezhnev sharply attacked the increased US bombing in North Vietnam and criticized the "unseemly behavior" of the US that was "artificially delaying" a peace settlement. He routinely pledged "all-round support" for his North Vietnamese allies, but also said that Moscow would render "active assistance" to gain a just end to the war. He refrained from endorsing any specific proposals, suggesting that Moscow is more concerned with getting an agreement than with its exact terms.

Near the end of his comments on relations with the US, Brezhnev said that "much would depend on how events develop in the immediate future and notably what turn the question of ending the war will take."

This is the first time a Soviet leader has linked developments in Indochina publicly with over-all prospects for Soviet-US relations since Premier Kosygin's election speech in June 1971. The nature of Brezhnev's audience--which included senior North and South Vietnamese Communists and representatives of most of the Communist parties throughout the world--made this formulation virtually mandatory.

The tone of Brezhnev's remarks on the US, aside from Vietnam, was favorable. He placed strong emphasis on the necessity for the great powers to live in peaceful coexistence and included hopeful references to the prospects for SALT and for closer Soviet-US economic cooperation. On arms limitation, Brezhnev said that "it would not be a bad idea" to begin thinking about a permanent cutback of strategic weapons and "the establishment of certain limits on their qualitative improvement."

Brezhnev presented a long list of difficulties the Chinese have caused. He accused them of "absurd claims" to Soviet territory, "malicious slandering" of the USSR, and "open sabotage" of Soviet efforts at disarmament and easing international tension. He left the door open for improved relations, but made it clear that the Chinese would have to take the next steps.

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On European matters, Brezhnev reiterated Soviet support for a Conference on Security and Cooperation in Europe, but he also acknowledged Western interest in a freer exchange of ideas and people and put the USSR on record as favoring this, on condition that it is done with "mutual respect...and not from positions of cold war." Brezhnev was less forthcoming on force reductions in Europe, on which he merely said the Soviet Union stands for "the serious preparation and efficient handling of these talks."

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We have examined further the Soviet military and science spending figures presented last Monday and have compared them with our estimates of expenditures based on observed Soviet programs. Based on this study, we project an increase of between two and three percent in Moscow's spending in 1973 for defense. Most of the increase will go for military research and development.

As we noted earlier, the announced defense budget of 17.9 billion rubles is unchanged from 1972.

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Total outlays in 1973 for both deployed forces and research and development should reach about 22 billion rubles--the equivalent of nearly \$70 billion valued at 1970 US costs.

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ARGENTINA

The electoral front put together during Juan Peron's 27 days in Argentina is now in danger of falling apart. The front's biggest component, Peron's own party, is divided over the selection of Hector Campora as the presidential candidate, and the largest non-Peronist party is threatening to pull out over the vice-presidential candidate. The selection of candidates for congress and provincial governorships, under way this week, has further aggravated the problem. Several provincial conventions have degenerated into physical combat among rival factions, and one top Peronist leader had to take refuge in a police station after he was attacked while trying to pass on Peron's instructions to a provincial caucus.

Campora is anathema to the military, which could legally disqualify him as a presidential candidate.

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Since President Lanusse first announced that elections would take place, one of his goals has been to discredit Peron and divide his followers. It could be that Peron has now done this himself.

The government-sponsored coalition of provincial parties, which is expected to nominate recently retired air force General Ezequiel Martinez for president, is now talking of naming Jorge Paladino as its vice-presidential candidate.

Paladino preceded Campora as Peron's personal representative and still has a following among moderate Peronists. If Lanusse approves the selection of Paladino, it would show that he plans to take full advantage of Peron's problems in an attempt to shatter once and for all the long-feared Peronist political juggernaut.

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Finland: The Finnish Minister of Foreign Trade traveled to Moscow this week to deposit with the Council for Mutual Economic Assistance (CEMA) a draft treaty for his country's cooperation with the Soviet-dominated economic grouping. The draft does not imply a desire for membership, and the limited arrangements it proposes would have little immediate impact on Finland's commercial transactions with the Communists. Its main impact is political and psychological. The Soviets will find it useful to count a second non-Communist state--after Iraq--in association with CEMA, while the Finns--with leftist domestic opposition presumably satisfied--might have an easier time in finally signing an economic arrangement with the Common Market.

Philippines: A number of petitions have been filed with the Supreme Court seeking to block a national referendum on President Marcos' new constitution, which is scheduled for 15 January. Opposition political leaders assert that there is too little time, and conditions of martial law are too restrictive, for a full and free discussion of the issues. While Marcos can count on the court to do his bidding, he might find it politic to reset the date of the plebiscite to 15 February. Marcos' only real problem seems to be popular apathy; he wants at least 80 percent of the people to vote, but his latest poll indicates that only 40 percent intend to do so.

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